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STATE FOR EB/TPP/BTA AND NEA/ELA  
STATE PASS TO USTR FOR GBLUE

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SUBJECT: Jordan 2010 National Trade Estimate

Ref: State 105978

¶1. Per reftel, below is the text of Embassy Amman's 2010 National Trade Estimate report, also e-mailed as requested to USTR as a Microsoft Word document.

¶2. Begin Text:

#### TRADE SUMMARY

The U.S. goods trade with Jordan achieved a surplus of \$154.5 million in the first nine months of FY 09 for the first time since FY 01. This was mainly due to a 25.2 percent increase in U.S. exports to Jordan, reaching \$863.9 in FY 09 from \$668.3 during the same period in FY 08. This was accompanied by a 17.7 percent decrease in U.S. imports from Jordan which stood at \$709.5 million compared to \$861.2 million in the first nine months of FY 08. U.S. Exports to Jordan in FY 08 stood at \$940.3 million, a 9.8 percent increase over FY 07 while imports from Jordan were valued at \$1,137.5 million representing a 14.4 percent decrease compared to FY ¶107. (Note: Data source is USITC. End note.)

#### The United States-Jordan Free Trade Agreement

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Under the terms of the United States-Jordan Free Trade Area Agreement (FTA) which entered into force on December 17, 2001, the United States and Jordan agreed to phased tariff reductions culminating in the complete elimination of duties on all products by ¶2010.

#### IMPORT POLICIES

##### Tariffs and other Charges

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Jordan is a member of the WTO and is in the process of reducing its tariffs in compliance with its WTO accession commitments. Currently, Jordan's simple average applied tariff is 10.8 percent with a maximum rate of 180 percent on certain products. Most raw materials and intermediate goods used in industry have been zero-rated. While tariffs between the United States and Jordan are being eliminated under the terms of the FTA, nontariff barriers continue to affect a certain portion of U.S. agricultural exports.

Jordan's General Sales Tax law allows the government to impose a "Special Tax" at the time of importation or local production.

## Agriculture

U.S. agricultural exports to Jordan were \$181 million in 2008. Top U.S. agricultural exports consist of grains (including corn and rice), soybean cake, processed and canned food, condiments, vegetable oil, almonds, and poultry (both live and carcasses). The U.S. has no market share in wheat and barley due to Jordanian government involvement in the purchasing and distribution of these two commodities and a strong preference for the lowest bidder. Under the terms of the FTA, import duties and other trade barriers between Jordan and the United States must be phased out by 2010. Tariffs that were less than 5 percent have already been eliminated.

Jordan's border inspection authorities selectively impose sanitary and phytosanitary measures on meat and poultry, effectively creating nontariff barriers on imports of these products. Import licenses, or advance approval to import goods, are required for specific food and agricultural goods. The authorities granting such licenses and approvals are the Ministry of Agriculture and the Ministry of Health.

### Import License and Pre-Shipment Inspection

In addition to the special requirements for certain agricultural products, Jordan requires that importers of commercial goods be registered traders or commercial entities. The Ministry of Industry and Trade occasionally issues directives requiring import licenses for certain goods or categories of goods.

### STANDARDS, TESTING, LABELING AND CERTIFICATION

The Jordan Food and Drug Administration (JFDA) assumed in 2009 authority to decide whether to accept or reject food consignments. The Jordan Institution for Standards and Metrology (JISM) maintains responsibility for testing and drafting standards. JISM's current product standards generally reflect existing U.S. standards. JISM has worked with European Union agencies to review its standards and to consider incorporating new sets of standards. JISM's director has assured the United States that any changes to product standards or introduction of new standards resulting from this review would not present any bias against U.S. standards.

JISM has already licensed several local labs to test for compliance with applicable standards.

### GOVERNMENT PROCUREMENT

In 2002, Jordan initiated the process for its accession to the WTO Government Procurement Agreement (GPA), with the submission of its initial entity offer. Active discussions continue and the WTO Committee on Government Procurement anticipates the completion of Jordan's accession to the GPA in 2010.

### EXPORT SUBSIDIES

All exporters are granted the following incentives:

-- Net profits generated from most export revenue are fully exempt from income tax. The mining sector is excluded, as are exports governed by specific trade protocols and foreign debt repayment schemes. Under the WTO, the tax exemption was initially set to expire on January 1, 2008, but upon the request of Jordan, the WTO granted an extension through December 2015, subject to an annual review by the WTO.

-- Foreign inputs used in the production of exports are exempt from customs duties; all additional import fees are assessed on a reimbursable basis.

### INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

In 2007, Jordan amended its Trademark and Patent Laws to enable accession to the Madrid Protocol Concerning the Registration of Marks and the Patent Cooperation Treaty. Jordan has acceded to the

World Intellectual Property Organization (WIPO) treaties on copyrights (WCT) and performances and phonographs (WPPT), and is currently revising its Copyright Law to implement these treaties. Jordan is also updating its Customs Law to provide additional tools to its customs officials to improve IPR enforcement.

Jordan's record on IPR enforcement has improved steadily. In 2007, 2008, and 2009 Jordanian courts issued some significant jail sentences for convicted IPR offenders. Jordan's Customs Department and the Public Security Department (the national police) have created specialized IPR units, and the National Library has stepped up its IPR enforcement efforts. Pending amendments to JISM's authorizing law aim to enhance the agency's role in market surveillance and in seizing counterfeit products that have entered the Jordanian market.

Further improvements are still needed to strengthen Jordan's IPR enforcement regime. Jordanian agencies responsible for IPR enforcement lack resources and capacity, and enforcement mechanisms and prosecution efforts still need to be strengthened, particularly with respect to ex officio authority to bring criminal cases. A sizeable portion of videos and software sold in the marketplace are pirated. The Jordanian government continues to examine means to provide more comprehensive protection of IPR, including through more stringent enforcement of existing laws, introduction of new regulations based on existing laws, and the creation of an independent IP body.

Jordan has made several legislative changes to meet its international commitments with regard to agriculture-related IPR, including adoption of a new Plant Variety Protection (PVP) law in 2000 and issuance of corresponding PVP regulations in 2002. The law seeks to ensure that reputable seed producers do not export their products to countries that do not observe IPR for agricultural products. The law also provided for the establishment of an office to register new plant varieties at the Ministry of Agriculture. The cost of registering seeds at Jordan's PVP office is very expensive, ranging from \$3,000-\$5,000 per plant variety. Not all seed importers are interested in PVP registration as most F1 hybrid seeds, the first generation offspring of two different plants, have their own IPR self-protection. Jordan further joined in 2004, the Union for the Protection of New Varieties of Plants (UPOV), which aims to protect intellectual property rights of new plant varieties.

Optional registration of new plant varieties for IPR purposes differs from the other compulsory registration of new plant varieties for trade. The latter is more of a sanitary and phytosanitary measure aimed to protect the country from any hazardous plant material or sowing seed, while the IPR registration for a new plant variety is similar to registration of a patent. In order to register for IPR protection, the plant variety must be new, distinct or distinguishable from any other variety, uniform in its relevant characteristics, and stable, i.e., its relevant characteristics remain unchanged after repeated propagation. To date, one Jordanian grape variety and nine American strawberry varieties have been registered; ten other varieties, among them American, Jordanian, and others, are in the process of registration.

The Jordanian public and private sectors agree that a strong IPR regime in agriculture can help attract international investors and foster research and development in this field. Such a regime is also economically beneficial as there is no real export opportunity for produce from unregistered plants.

#### TBT TRADE CAPACITY BUILDING

Post has been actively engaged with the host government in agricultural-related capacity-building programs that aim to ease and remove trade barriers, using well known efforts such as the Cochran Program to send senior, trade-related and technical staff to the U.S. for specialized training. Other post programs were also used for the same purpose: USPTO has engaged two participants on IPR training and the State Department's International Visitor Program (IVP) already has one alumni and another candidate about to depart for the study tour.

Capacity-building programs are the most effective tools so far in recruiting insiders passionate for change and enthusiastic about lessening trade barriers to the maximum extent.

#### SERVICES BARRIERS

As part of its WTO commitments, Jordan agreed to allow unlimited market access in telecommunications services no later than January 1, 2005. Nevertheless, the now privatized Orange (Jordan Telecom) still enjoys a de-facto monopoly of land lines.

#### INVESTMENT BARRIERS

The government continues to revamp its investment promotion system. It is re-examining investment incentives with the consolidation of all investment promotion activities under a renewed Jordan Investment Board. These developments will likely lead to expanded investment opportunities in Jordan for U.S. investors.

Jordan's investment laws treat foreign and local investors equally, with the following exceptions (as per regulation No. 54 of 2000, entitled "Non Jordanian Investments Promotion Regulation"):

-- Under the terms of the United States-Jordan FTA, ownership of periodical publications is restricted to Jordanian natural persons or Jordanian juridical entities wholly owned by Jordanians;

-- Under the same agreement, foreign investors are limited to 60 percent ownership in printing/publishing and in aircraft or vessel maintenance and repair services; and

-- Also under the FTA, foreign investors are limited to 50 percent ownership in a specified list of businesses and services. In general, foreign investors may not have whole or partial ownership of investigation and security services, sports clubs(except for health clubs), stone quarrying for construction purposes, customs clearance services, and land transportation of passengers and cargo using trucks, buses and taxis.

While Jordanian laws set limitations on foreign ownership in certain sectors, the laws also allow for the government to grant exceptions to these limitations where it deems appropriate. This exception policy is viewed as being too selective by some potential U.S. investors.

The FTA Annex 3.1 has a complete listing of limitations on investments and may be found at <http://www.ustr.gov>.

#### ELECTRONIC COMMERCE

Jordan has some legislation regulating electronic commerce, although there has yet to emerge a clear body of regulations and tax laws covering electronic commerce transactions. Legislation that allows for and regulates electronic signatures is still needed. Jordan does not impose tariffs on electronic transactions.

End text.

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